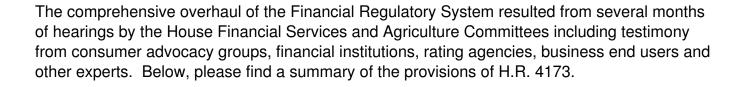
Legislation takes a number of critical steps to avoid future failures in the financial system and working families
December 11, 2009
WASHINGTON, D.C. – Today, Congressman Joe Sestak (PA-07) voted to reign in Wall Street abuses, protect consumers and restore responsibility to our nation's financial markets. The Wall Street Reform and Consumer Protection Act of 2009, H.R. 4173, passed the House by a vote of 223-202. The bill revamps oversight of financial markets and institutions to protect consumers and to ensure that unnecessary risk does not bring the economy to the brink of collapse as it did in 2008.
"Over the past decade, Congress has shirked its responsibility to protect the American people from excessive risk and over speculation – just as it had in the decade leading up to the Great Depression," Congressman Sestak said. "During challenging times like this, I believe we must put in place immediate actions to mitigate the economic downturn and the proper regulatory reforms to prevent a recurrence of the dire conditions currently facing millions of Americans and many in my District."
Since the beginning of the economic recession, Congressman Sestak has championed this reform, which addresses the many causes for the global economic state of affairs. Specifically, there was a failure of accountability on Wall Street, in the mortgage industry, and among many homebuyers. This was coupled with a drive for reduced regulatory oversight from Congress and

the Presidency over the past ten years. As a result, these factors drove us into the worst economic crisis since the Great Depression – an economy in which the housing market reached its worst state since the 1930s, and turmoil in the financial markets threatened the long-term security of all Americans.

In evaluating financial regulatory reform efforts, Congressman Sestak has long championed the efforts undertaken by H.R. 4173. Specifically, H.R. 4173 accomplishes the following five goals, which Congressman Sestak has called for:

- Creates a more stable, safer financial system less prone to crisis;
- Provides substantial new protections for consumers and investors;
- Safeguards American taxpayers from having to bear the costs of future crisis;
- Recognizes global approach (avoid cross-border arbitrage/loss of competitiveness); and
- Fosters innovation, growth and prosperity.

"I am confident that the worst of our economic recession is passed and that with the action taken by the House today, our economy will avoid such hardships in the future," Congressman Sestak said. "This legislation is about securing the financial footing of all Americans and ensuring that the American Dream will be attainable for future generations."



Consumer Protections: Creates the Consumer Financial Protection Agency (CFPA), a new, independent federal agency solely devoted to protecting Americans from unfair and abusive financial products and services.

Ends Taxpayer-funded Bailouts and Prevents the Rise of Institutions that are "Too Big to Fail": Establishes an orderly process for dismantling large, failing financial institutions like AIG or Lehman Brothers in a way that ends bailouts, protects taxpayers, and prevents contagion to the rest of the financial system. Creates a Systemic Dissolution Fund that can be used to help wind down failing financial institutions, but not to preserve them. The Fund will be pre-funded by assessments on financial companies with more than \$50 billion in assets and by hedge funds with more than \$10 billion in assets, thus ending the need for taxpayer-funded bailouts. Again, with enactment of this legislation, there will be no more taxpayer-funded bailouts for failing institutions. If financial assistance is necessary for orderly dissolution, industry will pay for it.

Financial Stability Council: Creates an inter-agency oversight council that will identify and regulate financial firms that are so large, interconnected, or risky that their collapse would put the entire financial system at risk. These systemically risky firms will be subject to heightened oversight, standards, and regulation.

Congressman Sestak Votes for Critical Wall Street Reforms to Protect American Families
Executive Compensation: Gives shareholders a "say on pay" – an advisory vote on pay practices including executive compensation and golden parachutes. It also enables regulators to ban inappropriate or imprudently risky compensation practices, and it requires financial firms to disclose any compensation structures that include incentive-based elements.
Investor Protections: Strengthens the SEC's enforcement powers so that it can better protect investors and regulate the nation's securities markets. It responds to the failures to detect the Madoff and Stanford Financial frauds by ordering a study of the entire securities industry that will identify needed reforms and force the SEC and other entities to further improve investor protection.
Regulation of Derivatives : Regulates, for the first time ever, the over-the-counter (OTC) derivatives marketplace. Under the bill, all standardized swap transactions between dealers and "major swap participants" would have to be cleared and traded on an exchange or electronic platform. The bill defines a major swap participant as anyone who maintains a substantial net position in swaps, exclusive of hedging for commercial risk, or whose positions creates such significant exposure to others that it requires monitoring.

Mortgage Reform and Anti-Predatory Lending: Would incorporate the tough mortgage reform and anti-predatory lending bill Congressman Sestak voted for and the House passed earlier this year (H.R. 1728). The legislation outlaws many of the egregious industry practices that marked the subprime lending boom, and it would ensure that mortgage lenders make loans that benefit the consumer. It would establish a simple standard for all home loans: institutions must ensure that borrowers can repay the loans they are sold.

Reform of Credit Rating Agencies: Addresses the role that credit rating agencies played in the economic crisis, and takes strong steps to reduce conflicts of interest, reduce market reliance on credit rating agencies, and impose a liability standard on the agencies.

Hedge Fund, Private Equity and Private Pools of Capital Registration: Fills a regulatory hole that allows hedge funds and their advisors to escape any and all regulation. This bill requires almost all advisers to private pools of capital to register with the SEC, and they will be subject to systemic risk regulation by the Financial Stability regulator.

Federal Reserve Oversight: The bill directs the Comptroller General of the United States to perform an audit of all actions taken by the Board of Governors of the Federal Reserve System and the Federal reserve banks during the current economic crisis; this expands upon the existing GAO oversight of the Fed to include audit of monetary policy .

Office of Insurance: Creates a Federal Insurance Office that will monitor all aspects of the insurance industry, including identifying issues or gaps in the regulation of insurers that could contribute to a systemic crisis and undermine the entire financial system.

Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, the Congressman was the first Director of Deep Blue, the Navy's anti-terrorism unit that established strategic and operations policies for the Global War on Terrorism. He served as President Clintons Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Congressman Sestak is the highest-ranking former military officer ever elected to the U.S. Congress.

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